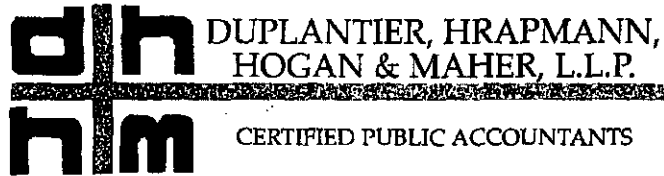


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SINGLE AUDIT REPORTING PACKAGE  
ST. BERNARD PARISH CLERK OF COURT  
JUNE 30, 2007

REASONS FOR SEPARATE AUDIT REPORTS

On December 18, 2007, the firm of Sagona, Bourg, Lee, Matthew & Co., LLC, issued their audit report for the St. Bernard Parish Clerk of Court for the fiscal year ended June 30, 2007. The audit was performed in accordance with generally accepted government auditing standards. At that period of time, it was not determined that an OMB Circular A-133 audit was required. The governmental audit was issued without the performance of an OMB Circular A-133 audit.

On July 26, 2010, the auditing firm of Duplantier, Hrapmann, Hogan & Maher, L.L.P., was engaged to perform the OMB Circular A-133 audit for the fiscal year ended June 30, 2007. Their audit report, dated October 29, 2010, is enclosed. Sagona, Bourg, Lee, Matthew & Co., LLC's governmental audit for the fiscal year ended June 30, 2007 is also enclosed."

*Duplantier, Hrapmann, Hogan & Maher LLP*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/25/11

**SINGLE AUDIT REPORTING PACKAGE**  
**ST. BERNARD PARISH CLERK OF COURT**

**JUNE 30, 2007**

ST. BERNARD PARISH CLERK OF COURT

JUNE 30, 2007

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## INDEPENDENT AUDITOR'S REPORT

October 29, 2010

Lena R. Torres  
St. Bernard Parish Clerk of Court  
Chalmette, Louisiana

We have audited the accompanying schedule of expenditures of federal awards of St. Bernard Parish Clerk of Court for the year ended June 30, 2007. This financial statement is the responsibility of St. Bernard Parish Clerk of Court's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the schedule of expenditures of federal awards referred to above presents fairly, in all material respects, the expenditures of federal awards, in conformity with accounting principles generally accepted in the United States of America.

*Duplantier, Hrapmann, Hogan & Maher, LLP*

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

October 29, 2010

Lena R. Torres  
St. Bernard Parish Clerk of Court  
Chalmette, Louisiana

Compliance

We have audited the compliance of St. Bernard Parish Clerk of Court with the types of compliance requirements described in the 'U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement' that are applicable to its major federal award programs for the year ended June 30, 2007. The major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal program is the responsibility of St. Bernard Parish Clerk of Court's management. Our responsibility is to express an opinion on St. Bernard Parish Clerk of Court's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about St. Bernard Parish Clerk of Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of St. Bernard Parish Clerk of Court's compliance with those requirements.

In our opinion, St. Bernard Parish Clerk of Court complied, in all material respects, with the requirements referred to above that are applicable to each major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of St. Bernard Parish Clerk of Court is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered St. Bernard Parish Clerk of Court's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of St. Bernard Parish Clerk of Court's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined below.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-01 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We noted no matters involving internal control and its operation that we consider to be material weaknesses.

The St. Bernard Parish Clerk of Court's response to the finding is described in the accompanying schedule of findings and questioned costs. We did not audit the response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Duplantier, Hrapmann, Hogan & Maher, LLP*

ST. BERNARD PARISH CLERK OF COURT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

<u>Federal CFDA Number</u>	<u>Program Name</u>	<u>Grant Name/ Number</u>	<u>Expenditures</u>
<u>Passed through the State of Louisiana</u>			
<b>Department of Homeland Security:</b>			
97.036	PW7604 Replacement of Furnishings and Equipment	FEMA-LA- DR1603	\$ <u>339,494</u> **
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>339,494</u>
<b>Department of Justice:</b>			
16.738	Criminal Justice Infrastructure Recovery	Y06-8-003	330,943 **
16.738	Criminal Justice Infrastructure Recovery	Y06-8-044	<u>13,603</u> **
TOTAL DEPARTMENT OF JUSTICE			<u>344,546</u>
<b>Department of Transportation:</b>			
20.232	Criminal Case Management		<u>30,000</u>
TOTAL DEPARTMENT OF TRANSPORTATION			<u>30,000</u>
TOTAL PROGRAM EXPENDITURES			\$ <u>714,040</u>

\*\* Denotes major program.

ST. BERNARD PARISH CLERK OF COURT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of St. Bernard Parish Clerk of Court. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133. Expenditures on the schedule are reported on the accrual basis of accounting.



ST. BERNARD PARISH CLERK OF COURT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007

Federal Awards:

## Internal control over major programs:

- \* Material weakness(es) identified? ☐ yes ☒ no
- \* Significant deficiencies identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133: ☒ yes ☐ no

## Identification of major programs:

<u>Name of Program</u>	<u>CFDA No.</u>	<u>Expenditures</u>
PW7604	97.036	\$ 339,494
Criminal Justice Infrastructure Recovery Y06-8-044	16.738	13,603
Criminal Justice Infrastructure Recovery Y06-8-003	16.738	330,943
		<u>\$ 684,040</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

Note: Auditee cannot qualify as a low-risk auditee because this is the first year of an OMB Circular A-133 audit. To qualify as a low-risk auditee, one of the provisions of OMB Circular A-133 requires an entity to have had an OMB Circular A-133 audit performed in the previous two years. There were no OMB Circular A-133 audits performed in the previous two years.

ST. BERNARD PARISH CLERK OF COURT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II: FINDINGS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE  
WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

NONE

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

2007-01      Federal Audit Requirement

Condition:            St. Bernard Parish Clerk of Court did not submit a Single Audit timely in accordance with the provisions of Office of Management and Budget (OMB) Circular A-133. The fiscal year ended June 30, 2006 was the first year of the program.

Criteria:              The Office of Management and Budget (OMB) has issued Circular A-133, which requires non-profit institutions that expend \$500,000 or more in federal funds to annually conduct a detailed organization-wide audit that complies with the criteria established in the Circular. The Circular requires that the completed audit be submitted to the Federal Audit Clearinghouse within nine months after the end of the audit period.

Cause:                The St. Bernard Parish Clerk of Court spent the revenues of the Clerk's Salary Fund in order to recover from the devastation of Hurricane Katrina. No federal funds were received to reimburse expenditures until the year ended June 30, 2010.

During the recovery process, the funds that FEMA obligated for the Clerk's office, coupled with the other federal funds received, were not of a magnitude to require a federal audit. Over the past five years, the Clerk's office repeatedly received varying information as to what FEMA would reimburse and would not reimburse. The Clerk's office did not know what would actually be federally funded expenses until the reimbursements were received. Reimbursement of expenditures made from the Clerk's revenues with Federal Funds was first received in February 2010. All amounts expensed were made from the Clerk's revenues and no Federal Funds were received for reimbursement of the Clerk's expenditures until that February 2010 to date. The first reimbursement of expenditures for the Clerk of Court's Project Worksheet 7604 was received February 2010. The Clerk was therefore unable to identify Federal Funds Expended until the year ended June 30, 2010, even though the actual expenditures were for 2007.

In conclusion, unless the Clerk was willing to bear the cost of an A-133 audit prior to knowing that one was required, it was impossible for the Clerk to comply with the requirements of the Circular.

ST. BERNARD PARISH CLERK OF COURT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS: (Continued)

2007-01      Federal Audit Requirement (Continued)

Cause:                      However, based on the position and advice of the Legislative Auditor the A-133 auditor is required to report findings based on the requirements of the A-133 Circular. The auditor does not know of any exception in the Circular for these circumstances.

Effect:                     The grantee was unable to comply with the requirements of OMB Circular A-133.

Recommendation:      It is recommended that the grantee continue, as they did in this instance, to work with all agencies to determine federal funds as soon as possible after they are spent.

Management's  
Response:                See separate letter

**Lena R. Torres**  
**Clerk Of Court**  
**Parish Of St. Bernard**  
P.O. Box 1746  
Chalmette, Louisiana 70044-1746  
(504) 271-3434  
www.stbclerk.com

February 28, 2011

Duplantier, Hrapmann, Hogan & Maher, LLP  
Certified Public Accountants  
1615 Poydras Street, Suite 2100  
New Orleans, LA 70112

Re: Management Response to Findings for Federal Awards  
Years Ended June 30, 2006 and 2007

Dear Sirs:

As a part of your audit procedures we are replying to the findings in your reports. We take exception to the statements that the St. Bernard Parish Clerk of Court was not in compliance with regard to engaging the services of a qualified auditor to perform the single audits in accordance with OMB circular A-133. We base our objection due to the following circumstances and events:

- The St. Bernard Parish Clerk of Court spent the revenues of the Clerk's Salary fund in order to recover from the devastation of Hurricane Katrina. Federal funds amounting to \$500,000 in any one fiscal year were not obligated or received until the year ended June 30, 2010.
- During the recovery process, the funds that FEMA obligated for the Clerk's office, coupled with the other federal funds received were not of a magnitude to require a federal audit. Over the past five years we have repeatedly received varying information as to what FEMA would reimburse and would not reimburse. Even at this point in time there are questions as to what remaining expenses might and might not be reimbursed. We have not known what will actually be federally funded expenses until the reimbursements are received. The first reimbursement of expenditures for the Clerk of Court's Project Worksheet 7604 was received February 2010. We were therefore unable to identify Federal Funds Expended until the year ended June 30, 2010. In our situation the federal audit reports would not be due until March 31, 2011.

Your report states that the Clerk was unaware of the grant requirements and should take steps to understand what is required before accepting the funds; this statement is in error. Our governmental auditor informed us during our audit for the fiscal year ended June 30, 2006 that we would be required to have a single audit if we expended federal funds of \$500,000 or more in any one fiscal year. My office was always cognizant of the reporting requirements. The difficulty lay in determining the meaning of "Federal Funds Expended." While we knew our recovery expenses exceeded the \$500,000 threshold for the years affected, we did not know

Duplantier, Hrapmann, Hogan & Maher, LLP  
Certified Public Accountants

Re: Management Response to Findings for Federal Awards  
Years Ended June 30, 2006 and 2007

Page 2

which of our expenditures would be reimbursed by FEMA and whether receipt of the funds would put us in a position that would require a federal audit.

- The St. Bernard Parish Clerk of Court made every effort to determine how the term "Federal Funds Expended" applied to our particular situation. We first contacted the Louisiana Supreme Court for advice since they were involved in the recovery of our office and provided valuable advice and assistance throughout the process. The Supreme Court forwarded our request for assistance to the office of the Legislative Auditor.

The Supreme Court received a reply to our request for assistance from Marsha Guedry, Single Audit Coordinator, Office of The Legislative Auditor, on February 22, 2008. This e-mail was forwarded to my office and states "determination of federal expenditures occurs upon reimbursement from FEMA with the P.A. program." Then on March 13, 2008 we received written correspondence via USPS mail from the Legislative Auditor informing us differently. Contrary to the initial reply which we relied upon, they then informed us that the audit is required based on when the expenses were incurred rather than when the reimbursement was received. However, the correspondence still did not provide an explanation of how this requirement applied in our particular set of circumstances.

At the time of this on-going correspondence with the Legislative Auditor's office, we had no final determination of what FEMA considered eligible expenses and what expenses were not eligible for reimbursement. The Clerk did not wish to incur additional expenses for a single audit if it was unnecessary. Every dollar saved was important to the recovery process.

On April 30, 2008 in a follow-up telephone conversation with Suzanne Elliott, Engagement Manager of the Advisory Division of the Office of the Legislative Auditor, we were advised that she believed we could wait until we knew what would be reimbursed before it was necessary to meet the single audit requirement. The surplus in existence when Katrina hit St. Bernard Parish was now rapidly dwindling and unnecessary audit expenses would hinder the recovery process.

Ms. Elliott made it clear however, that the Legislative Auditor was not the final authority in this matter; the agency that funds the reimbursement would have the determined answer. She strongly suggested that we request verification directly from FEMA and she provided the contact information for us to do so.

On May 6, 2008 we wrote the Office of the Inspector General, FEMA – Department of Homeland Security requesting clarification as to how the federal grant requirements impacted our specific situation. Because we received no response to our request, we

**Duplantier, Hrapmann, Hogan & Maher, LLP**  
**Certified Public Accountants**

**Re: Management Response to Findings for Federal Awards**  
**Years Ended June 30, 2006 and 2007**

**Page 3**

sent another request on July 1, 2008. As of this date we have received no response to either request for clarification and guidance.

To further complicate this issue, our initial instruction from FEMA as to what expenses might be reimbursable was revised in mid-2008. At that time we were told to submit a schedule of all disaster recovery expenditures. We submitted the schedule to our State Applicant Liaison as instructed in October 2008.

No Request for Reimbursement was submitted to FEMA at that time based on the instructions received from the state. Our understanding for the purpose of the spreadsheet was for determination of what expenses the Clerk incurred and for FEMA to use the information to obligate Federal Funds.

We still had no final determination of the amount of Federal Funds Expended.

The Clerk could not determine if, or when, any monies would be forthcoming from FEMA. Because the federal assistance was indeterminable, it was imperative that no monies be spent unnecessarily in order to preserve the rapidly dwindling surplus of the Clerk's operating account.

The Single Audit was engaged upon discovery of the expenditure levels hitting the required amounts and the final determination that they would indeed be classified as federal funds. Funds were obligated December 16, 2009 that put the Clerk of Court over the \$500,000 expenditure threshold for the years ended June 30, 2006 and 2007. It was only at this time the Single Audit requirements could be determined.

It should also be noted that the St. Bernard Parish Clerk of Court has contacted the Compliance Department of GOHSEP regarding this matter. The office is scheduled for an onsite review of the issue that has been set for the week of April 4, 2011. The Compliance Department will not issue a written report of their findings until they have completed their review. However, based on documentation presented to them in our request for an opinion, they have given the Clerk a preliminary verbal opinion that the office is in compliance.

Any future federal funding project will also be documented and tracked based on the date expenditures are made. Once the \$500,000 threshold has been reached, the Clerk will engage for a Single Audit. This will be done whether Federal Funds are actually forthcoming or not.

- **In summary:**

I maintain that my office is in compliance with grant requirements because I engaged the services of a qualified CPA firm to perform a single audit for the year in which federal funds were identifiable. The audit was performed within the prescribed time frame and will not be past due until April 1, 2011.

Duplantier, Hrapmann, Hogan & Maher, LLP  
Certified Public Accountants

Re: Management Response to Findings for Federal Awards  
Years Ended June 30, 2006 and 2007

Page 4

Repeated requests for assistance in determining how the requirements applied in the Clerk's individual situation led to differences of opinion and direction from local entities and were completely ignored by FEMA.

In closing, I acknowledge the need to be accountable for all funds received by my office and recognize my responsibility to do so. I feel that we made every effort, under the circumstances, to comply with the audit requirements. We engaged the services of an independent public accounting firm to perform the audits upon receipt of reimbursement from FEMA and our determination that we had reached the threshold for Federal Funds Expended. I respectfully ask that this be taken into account in reviewing our compliance performance and that the findings of your audit reports reflect same.

Yours truly,

  
Lena R. Torres, Clerk of Court  
Parish of St. Bernard

LRT/bct

**ST. BERNARD PARISH CLERK OF COURT**  
**CHALMETTE, LOUISIANA**

**ANNUAL FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2007**



**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Annual Financial Statements  
Year Ended June 30, 2007

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**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Management's Discussion and Analysis  
Year Ended June 30, 2007

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Our discussion and analysis of the St. Bernard Parish Clerk of Court's financial performance provides an overview of the financial activities as of and for the fiscal year ended June 30, 2007. Please read these comments in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated in all material respects. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided on these reports.

**Government Wide Financial Statements**

This annual report consists of a series of financial statements. The Statement of Net Assets reflects the financial position of the Clerk's office. The unrestricted fund balance for the General Fund as reflected in this statement consists of funds available for future spending to meet the needs of the Clerk's office. The Statement of Activities reflects the changes in net assets. Net assets, the difference between assets and liabilities, is one measure of the financial health or financial position of an entity. Over time, increases or decreases in net assets are one indicator of whether financial health is improving or deteriorating.

**Fund Financial Statements**

The Clerk of Court manages monies and maintains accounting records for several distinct and separate funds. The segregation of activity is based on the source of the monies and their designated purposes. Some funds are established as mandated by State law.

The Clerk of Court maintains governmental funds for basic office operations. Governmental funds focus on how money flows into and out of the operating accounts and reflects the year-end balances available for spending. These funds are reported under the modified accrual accounting method, which measures cash, and all other financial assets that can readily be converted to cash.

The Governmental Fund Statements provide a detailed short-term view of the general government operations and the basic services provided. Governmental fund information helps to determine whether there are more or fewer financial resources available in the near future to finance the Clerk of Court's programs.

The Governmental Fund – General Fund Statement of Revenues, Expenditures and Changes in Fund Balance provides information about the Clerk's activities as a whole and presents a view of the current year operations of the office. Substantially all of the current year's program revenues and expenses are taken into account regardless of when cash is received or paid.

In analyzing these reports, one of the more important considerations is the financial outcome of the current year operations. The current year activity is reflected in this statement and provides the data necessary to address this concern.

**St. Bernard Parish Clerk of Court**  
**Chalmette, Louisiana**

Management's Discussion and Analysis  
Year Ended June 30, 2007

**Fund Financial Statements – (Continued)**

The Clerk of Court is the trustee, or fiduciary, for funds reserved by the Court and for Advance Costs collected in payment for court expenses. All of these fiduciary activities are reported separately. These activities are excluded from the General Fund Statements of activity because the Clerk of Court cannot access these funds to finance the operations of the office. The Clerk of Court is responsible for safeguarding these assets and ensuring that these funds are used for their intended purposes.

**FINANCIAL HIGHLIGHTS**

The financial statements provide details of the current year operations summarized as follows:

- Net assets of governmental activities increased by \$400,441 or approximately 28% over the prior year.
- During the year, the Clerk had expenditures of \$2,743,846 that were \$400,441 less than the \$3,144,287 generated in fees and other revenues for governmental programs.
- Net Assets at year-end totals \$1,826,723, an increase of \$400,441 over the prior year balance of \$1,426,282.

The Statement of Net Assets and the Statement of Activities reports only one type of activity – governmental activities. All basic governmental services are reported as this type. Fees and court costs charged to the public generally finance most of these activities. However, in the current year, \$392,250 in grant funds were received to assist in the continued recovery from Hurricane Katrina. In the current year these grant funds generated the increase in net assets.

Our Analysis below focuses on the net assets of the governmental-type activities.

	2007	2006	Change	Change
Current and Other Assets	\$ 1,549,380	\$ 1,287,592	\$ 261,788	20.33%
Capital Assets	472,875	235,698	237,177	100.63%
Total Assets	2,022,255	1,523,290	498,965	32.76%
Current Liabilities	195,532	97,008	98,524	101.56%
Investment in capital assets	472,875	235,698	237,177	100.63%
Unrestricted	1,353,848	1,190,584	163,264	13.71%
Total Net Assets	\$ 1,826,723	\$ 1,426,282	\$ 400,441	28.08%

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Management's Discussion and Analysis  
Year Ended June 30, 2007

**FINANCIAL HIGHLIGHTS - (Continued)**

Condensed Statement of Activities

	2007	2006	Dollar Change	Total % Change
Total program expenses	\$ 2,743,846	\$ 2,053,536	\$ 690,310	33.62%
Total program revenues	2,628,326	1,447,129	1,181,197	81.62%
Excess expenses	(115,520)	(606,407)	490,887	-80.95%
General revenues	515,961	467,392	48,569	10.39%
Change in Net Assets	400,441	(139,015)	539,456	-388.06%
Net Assets:				
Beginning of Year	1,426,282	1,565,297	(139,015)	-8.88%
End of Year	\$ 1,826,723	\$ 1,426,282	\$ 400,441	28.08%

**ST. BERNARD PARISH CLERK OF COURT AS A WHOLE**

The Clerk of Court's net assets increased by \$400,441 as a result of this year's operations. The overall financial position improved during the fiscal year ended June 30, 2007.

Unrestricted net assets, the assets used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal obligations, generated most of the increase this year. The balance in net assets represents the accumulated results of all past years' operations. It means that if we had to meet all of our obligations today, including all non-capital liabilities, we would have \$1,826,723 left. The Clerk of Court's total revenues for the year in governmental activities were \$3,144,287 (\$2,628,326 in charges for services, \$392,250 in grant funds, and \$123,711 in general revenues). The total cost of all judicial programs and services was \$2,743,846, with no new programs added this year.

**FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS**

As noted earlier, the Clerk uses funds to control and manage money for particular purposes. Analyzing these funds helps to determine whether the Clerk is using her resources in a responsible manner and maintaining the financial integrity of the office.

At the year ended June 30, 2007, the governmental fund reported a fund balance of \$1,339,810, an increase of \$193,610 over last year. The continuing costs to archive parish records and to replace assets lost in Hurricane Katrina account for approximately 30% of total expenditures in the current year. Although large amounts have been spent for these purposes, the ability to continue efficient operation of the office and the ability to perform the duties of the Clerk's office in the future has not been compromised.

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Management's Discussion and Analysis  
Year Ended June 30, 2007

**GENERAL FUNDS BUDGETARY HIGHLIGHTS**

The original budget for the General Funds was amended February 28, 2007. A summary of the changes follows:

	Original Budget	Revised Budget	Increase (Decrease)	%
<b>Revenues:</b>				
Program Revenues	\$ 1,204,500	\$ 2,143,500	\$ 939,000	72.82%
Non-Program Revenues	85,000	591,000	506,000	39.24%
Total Revenues	1,289,500	2,734,500	1,445,000	112.06%
<b>Expenditures</b>				
Salaries	965,000	1,150,000	185,000	7.62%
Employee Benefits	468,100	613,800	145,700	6.00%
Office Expense	145,000	254,400	109,400	4.51%
Auto/Travel	6,000	4,500	(1,500)	-0.06%
Clerks Supplemental Compensation	2,400	7,300	4,900	0.20%
Permanent Records	40,000	437,000	397,000	16.36%
Capital Outlay	150,000	190,000	40,000	1.65%
Katrina Recovery	650,000	70,000	(580,000)	-23.90%
Total Expenditures	2,426,500	2,727,000	300,500	12.38%
Excess of Revenue over Expenditures	(1,137,000)	7,500	1,144,500	
Beginning Fund Balance	938,693	1,146,200	207,507	
Ending Fund Balance	\$ (198,307)	\$ 1,153,700	\$ 1,352,007	

The original budget for the year ended June 30, 2007 was prepared relatively shortly after the storm recovery process began. The Clerk had applied for grant funding from several sources; however, the grants had not been awarded and therefore no allowance for grant revenues was made in the original budget.

Recording receipts were not expected to increase in the way they have. Due to property sales, SBA loans, Murphy Oil Buy-outs and Road Home funding, these revenues have grown at an unprecedented rate. Each of these transactions brings revenue to the office as documents are recorded; the rise in Certified Copy fees has been commensurate.

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Management's Discussion and Analysis  
Year Ended June 30, 2007

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**GENERAL FUNDS BUDGETARY HIGHLIGHTS – (Continued)**

In addition, at the time the original budget was prepared, the computer system was just recently up and running with borrowed equipment. It was unknown how long it would be before the Advance Deposit Fund accounting was fully operational. The Transfer of Fees from the Advanced Deposit Fund was underestimated.

Because the volume of revenue has rebounded more quickly than was originally thought possible, the Clerk has been able to accelerate the process of imaging the remaining files in the office. This is a costly process but is invaluable in the safe-guarding of parish documents. In addition, staff additions have been made more quickly than previously thought possible.

The cost to recover from Katrina was overestimated in the original budget. Some cost to restore records that were thought to be expenses in the current year were actually paid by FEMA at the end of the prior fiscal year. In addition, some lost assets were included in the estimates of recovery cost that have not yet been replaced.

**CAPITAL ASSETS**

Capital Assets include furniture and fixtures, and office equipment at a historical cost of \$607,166. Capital Assets, net of accumulated depreciation, for governmental activities as of June 30, 2007 was \$472,875.

There were \$312,074 of additions to Capital Assets and deletions of \$84,597 in the current year. Depreciation expense was recorded at \$70,551. A Summary of Activity for Fixed Assets is presented in the notes to the financial statements

**LONG-TERM OBLIGATIONS**

The Clerk of Court entered into contracts with Cott, Inc. in June 2004 for the acquisition of Resolution Software, installation and maintenance. These contracts totaled \$208,869 with payments over 48 months. At June 30, 2007 the balance due on these contracts amounted to \$37,903 with the final payment due June 2008.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Clerk must consider many variables when budgeting for the coming fiscal year. Included in these factors are changing laws and regulations, economic circumstances and historical trends.

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Management's Discussion and Analysis  
Year Ended June 30, 2007

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A summary of the current budget for the year ending June 30, 2008 follows:

Condensed Summary of Budgeted Finances	
	<u>Y/E 6/30/2008</u>
Anticipated Revenue	\$ 2,227,500
Expenditures:	
Current	2,135,870
Permanent Records	520,000
Capital Outlay	<u>200,000</u>
	<u>2,855,870</u>
Excess (Deficit) of Revenues over Expenditures	(628,370)
Beginning Fund Balance	<u>1,337,876</u>
Ending Fund Balance	<u>\$ 709,506</u>

The Clerk still anticipates that recording revenues will be drastically reduced at some point as Katrina activity slows. With a reduction in recording fees, there will also be a reduction in copy fees. These two sources of revenue have been conservatively projected for the coming year.

Historically, the office staff and operating costs remained relatively stable until the onset of changes caused by Hurricane Katrina. It is hopeful that this will eventually be the case once again but at present this is not the case. It is difficult to make forecasts with any degree of accuracy due to uncertainties about the recovery of the parish and the future availability of funds.

Due to these uncertainties, the Clerk elected to be somewhat conservative with financial planning for the coming year. In all probability any deficit would be smaller than that reflected in the budget. If there is in actuality a deficit in the coming fiscal year, the General Fund Balance will be adequate to maintain the financial stability of the office.

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

**Management's Discussion and Analysis  
Year Ended June 30, 2007**

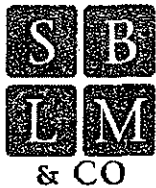
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**CONTACTING FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the finances of the St. Bernard Clerk of Court and to show the accountability for all funds managed by this office. If you have questions about this report or need additional financial information, contact:

Honorable Lena R. Torres  
St. Bernard Parish Clerk of Court  
P.O. Box 1746  
Chalmette, LA 70044  
(504) 271-3434





SAGONA, BOURG, LEE, MATTHEW & CO., L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

### Independent Auditor's Report

Honorable Lena R. Torres  
St. Bernard Parish Clerk of Court  
Chalmette, Louisiana

We have audited the accompanying financial statements of the governmental activities of the St. Bernard Parish Clerk of Court as of and for the year ended June 30, 2007, as listed in the table of contents. These basic financial statements are the responsibility of the management of the St. Bernard Parish Clerk of Court. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects the financial position of the St. Bernard Parish Clerk of Court as of June 30, 2007, and the results of its operations and its changes in fund balances for the year then ended in conformity with accounting principles generally accepted in the United States.

The Management's Discussion and Analysis and other required supplementary information, as listed in the foregoing table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2007, on our consideration of the St. Bernard Parish Clerk of Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral report of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Sagona, Bourg, Lee, Matthew & Co., L.L.C.*

Certified Public Accountants  
December 18, 2007

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Statement of Net Assets  
June 30, 2007

	General Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 1,475,852
Receivables	56,899
Prepaid expenses	16,629
Capital assets, net of accumulated depreciation	472,875
<b>Total Assets</b>	<b>2,022,255</b>
<b>Liabilities</b>	
Accounts payable	171,667
Accrued accumulated compensated absences	23,865
<b>Total Liabilities</b>	<b>195,532</b>
<b>Net Assets</b>	
Investment in capital assets	472,875
Unrestricted	1,353,848
<b>Total Net Assets</b>	<b>1,826,723</b>
	<b>\$ 2,022,255</b>

*See notes to financial statements*

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Statement of Activities  
June 30, 2007

	General Fund
<b>Expenses</b>	
General government:	
Personnel services and related benefits	\$ 1,782,062
Operating services	815,795
Travel and other charges	3,951
Depreciation	70,551
Permanent records	17,992
Intergovernmental	6,921
Disaster losses, recovery and remediation costs	46,574
<b>Total Expenses</b>	<b>2,743,846</b>
<b>Program Revenues</b>	
Licenses and permits	3,200
Fees, charges, and commissions for services:	
Court costs, fees and charges	997,809
Fees for recording legal documents	1,360,325
Fees for copies of documents	242,944
Miscellaneous	24,048
<b>Total Program Revenues</b>	<b>2,628,326</b>
<b>General Revenues</b>	
Use of money and property – interest earnings	123,711
Grants	392,250
<b>Total General Revenues</b>	<b>515,961</b>
<b>Net Assets</b>	
Change in Net Assets	400,441
<b>Beginning of year</b>	<b>1,426,282</b>
<b>End of year</b>	<b>\$ 1,826,723</b>

*See notes to financial statements*

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Balance Sheet - Governmental Fund  
June 30, 2007

	General Fund
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 1,475,852
Receivables	56,899
Prepaid expenses	16,629
	<hr/>
Total Assets	1,549,380
<hr/>	
<b>Liabilities</b>	
Accounts payable	171,667
Contracts payable	37,903
	<hr/>
Total Liabilities	209,570
<hr/>	
<b>Fund Equity</b>	
Fund balance – unreserved - undesignated	1,339,810
	<hr/>
Total Liabilities and Fund Equity	\$ 1,549,380

*See notes to financial statements*

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Reconciliation of the Balance Sheet – Governmental Fund  
To the Statement of Net Assets  
June 30, 2007

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Total fund balance – governmental fund (fund financial statements)	\$ 1,339,810
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Amounts reported for *governmental activities* in the statement of net assets  
(government-wide financial statements) are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the governmental funds:

Cost of assets capitalized	\$ 607,166
Accumulated depreciation	(134,291)

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472,875

Contracts payable are not accrued on the government-wide financial statements because they were not payable at June 30, 2007	37,903
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Accrued compensated absences are not recorded on fund financials because they are not due and payable at June 30, 2007	(23,865)
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Total net assets (government-wide financial statements)	\$ 1,826,723
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*See notes to financial statements*

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Statement of Revenues, Expenditures and  
Changes in Fund Balance – Governmental Fund  
Year Ended June 30, 2007

**Revenues**

Licenses and permits	\$ 3,200
Fees, charges, and commissions for services:	
Court costs, fees, and charges	997,809
Fees for recording legal documents	1,360,325
Fees for copies of documents	242,944
Miscellaneous	24,048
Use of money and property – interest earnings	123,711
Grants	392,250

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Total Revenues	3,144,287
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**Expenditures**

General government:	
Personnel services and related benefits	1,782,196
Operating services	785,315
Travel and other charges	3,951
Capital outlay	312,074
Permanent records	17,992
Intergovernmental	6,921
Disaster losses, recovery and remediation costs	42,228

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Total Expenditures	2,950,677
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Excess of expenditures over revenues	193,610
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Fund balance at beginning of year	1,146,200
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Fund balance at end of year	\$ 1,339,810
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*See notes to financial statements*

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Governmental Fund to the Statement of Activities  
Year Ended June 30, 2007

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Net change in fund balance (fund financial statements)	\$ 193,610
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Amounts reported for governmental activities in the statement of activities  
(government-wide financial statements) are different because:

Governmental funds report capital outlays as expenditures in the  
individual fund.

Governmental activities report depreciation expense to allocate the cost  
of those capital assets over the estimated useful lives of the assets.

Asset purchases capitalized during the year	\$ 312,074
Depreciation expense for the year	(70,551)

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241,523

Amounts not accrued for contracts payable on government-wide financials due to difference in fund accounting & GAAP.	(30,480)
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Current year reduction in compensated absences are not recorded on fund financials because they are not due and payable in the current year.	134
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Net book value of capital assets written off	(4,346)
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Changes in net assets (government-wide financial statements)	\$ 400,441
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*See notes to financial statements*

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Statement of Fiduciary Net Assets – Agency Funds  
June 30, 2007

	Advance Deposit Fund	Registry of Court Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 2,037,799	\$ 56,545,058	\$ 58,582,857
<b>Liabilities</b>			
Unsettled deposits	\$ 2,037,799	\$ 56,545,058	\$ 58,582,857
<i>See notes to financial statements</i>			



**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Statement of Changes in Fiduciary Net Assets – Agency Funds  
Year Ended June 30, 2007

	Advance Deposit Fund	Registry of Court Fund	Total
Unsettled deposits, beginning of year	\$ 1,736,697	\$ 50,554,189	\$ 52,290,886
Additions:			
Deposits:			
Suits and successions	1,824,856		1,824,856
Judgments		3,752,153	3,752,153
Interest earnings on investments	30,115	2,364,224	2,394,339
Total additions	1,854,971	6,116,377	7,971,348
Subtotal	3,591,668	56,670,566	60,262,234
Reductions:			
Clerk's costs (transferred to General Fund)	968,779		968,779
Settlements to litigants		124,177	124,177
Attorney, curator, and notary fees	36,593		36,593
Sheriff's fees	191,497		191,497
Judges' supplemental compensation fund	57,373		57,373
Judicial Clerk's fund	84,445		84,445
Other reductions	215,182	1,331	216,513
Total reductions	1,553,869	125,508	1,679,377
Unsettled deposits, end of year	\$ 2,037,799	\$ 56,545,058	\$ 58,582,857

*See notes to financial statements*

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Notes to Financial Statements  
Year Ended June 30, 2007

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**INTRODUCTION**

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Clerk of Court serves as the ex-officio notary public, the recorder of conveyances, mortgages, and other acts, and has other duties and powers provided by law. The Clerk of Court is elected for a four-year term.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation - The accompanying financial statements of the St. Bernard Parish Clerk of Court have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB, Statement 34, Basic Financial Statements – and Management’s Discussion and Analysis - for State and Local Governments, issued in June 1999.

Reporting entity - As the governing authority of the parish, for reporting purposes, the St. Bernard Parish Council is the financial reporting entity for St. Bernard Parish. The financial reporting entity consists of (a) the primary government (council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statement No. 39, established criteria for determining which component units should be considered part of the St. Bernard Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- A. Appointing a voting majority of an organization’s governing body, and
  - 1. The ability of the council to impose its will on that organization and/or
  - 2. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the council.
- B. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
- C. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

(Continued)

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Notes to Financial Statements  
Year Ended June 30, 2007  
(Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Reporting entity – Continued**

Because the parish council pays certain operating expenditures of the Clerk's office as required by Louisiana law, the Clerk of Court was determined to be a component unit of the St. Bernard Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Clerk of Court and do not present information on the council, the general government services provided by that governmental unit, or the other government units that comprise the financial reporting entity.

**Fund accounting** - The Clerk of Court uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the clerk of court are classified into two categories: governmental (General Fund) and fiduciary (Agency Funds). These funds are described as follows:

**General Fund**

The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the Clerk of Court and accounts for the operations of the Clerk's office. The various fees and charges due to the Clerk's office are accounted for in this fund. General operating expenditures are paid from this fund.

**Agency Funds**

The Advance Deposit and Registry of Court Agency Funds account for assets held as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Basis of accounting** – Fund Financial Statements (FFS) - The amounts reflected in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund (FFS), are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

(Continued)

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Notes to Financial Statements  
Year Ended June 30, 2007  
(Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Basis of accounting - Continued**

The amounts reflected in these statements (FFS), use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Recordings, cancellations, court attendance, criminal cost, etc., are recorded in the year in which they are earned. Interest income on investments is recorded when the investments have matured and the income is available. Substantially all other revenues are recorded when received.

**Expenditures**

Expenditures are generally recorded under the modified accrual basis of accounting when the related fund liability is incurred.

**Basis of accounting - Government-Wide Financial Statements (GWFS) -** The Statement of Net Assets and the Statement of Activities (GWFS) display information about the St. Bernard Parish Clerk of Court as a whole. These statements include all the financial activities of the St. Bernard Parish Clerk of Court. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues**

Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from general revenues.

**Reconciliations**

On pages 13 and 15 are the reconciliations of the items reflected in the fund financial statements to the government-wide financial statements.

(Continued)

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Notes to Financial Statements  
Year Ended June 30, 2007  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Budget practices - The proposed budget for the 2007 fiscal year was made available for public inspection at the Clerk's office on June 8, 2006. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal 7 days prior to the public hearing. The budget hearing was held at the Clerk's office on June 9, 2006. The budget is legally adopted and amended, as necessary, by the Clerk. The budget for the 2007 fiscal year was amended, adopted and published in the official journal on March 30, 2007. All appropriations lapse at year end.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

Cash and cash equivalents - Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Clerk of Court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Uncollectible accounts receivable - The Clerk of Court uses the allowance method to account for uncollectible accounts receivable. The allowance for uncollectible accounts is based on prior years experience and management's analysis of possible bad debts. Bad debt recoveries are charged against the allowance account as realized. The Clerk of Court considers all accounts receivable at June 30, 2007 to be fully collectible. Accordingly, no allowance for uncollectible accounts is required.

Capital assets - Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in their Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Office Equipment	5 years
Furniture & Fixtures	5 years
Automobiles	5 years
Leasehold Improvements	20 years

(Continued)

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Notes to Financial Statements  
Year Ended June 30, 2007  
(Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Compensated absences - Employees of the Clerk of Court's office earn two weeks vacation leave and up to four weeks sick leave each year. The leave time accrues on a calendar year basis and must be used in the calendar year earned and is not payable upon separation from service. The accrued accumulated leave which had been unused by employees at June 30, 2007 has been included in the government - wide financial statements.

Fund equity - Reserves represent those portions of fund equity not appropriable for expenditure or are legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. CONTINUED UNCERTAINTY OF FUTURE MARKET CONDITIONS**

On August 29, 2005, the region which the Clerk of Court serves was impacted by Hurricane Katrina and the area, inclusive of the Clerk's Office, experienced significant destruction as a result of wide spread flooding. Management estimated the adverse impact of this catastrophe upon the Clerk of Court's 2006 financial statements, including disaster response costs and casualty losses, and the material amounts of those effects were reported in the 2006 financial statements. The long-term viability of the devastated areas continues to depend on the extent of rebuilding and repopulation of these areas. At this time, plans for that rebuilding and repopulation have not yet been finalized. Therefore, the outlook for the affected areas' economic future remains at this time uncertain, as is the manner in which that uncertainty could affect the Clerk of Court's future financial condition.

(Continued)

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Notes to Financial Statements  
Year Ended June 30, 2007  
(Continued)

**3. CASH AND CASH EQUIVALENTS**

At June 30, 2007, the Clerk of Court has cash and cash equivalents (book balances) totaling \$60,058,709 as follows:

	Governmental Fund	Agency Fund	Total
Checking accounts	\$ 1,075,852	\$ 2,021,030	\$ 3,096,882
Time deposits	400,000	850,000	1,250,000
Savings passbooks	-	55,711,827	55,711,827
<b>Total deposits</b>	<b>\$ 1,475,852</b>	<b>\$ 58,582,857</b>	<b>\$ 60,058,709</b>

The deposits are stated at cost, which approximates market. Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2007, the clerk has \$60,214,205 in deposits (collected bank balances). These deposits are secured from risk by \$2,104,073 of federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3) with a par value of \$64,912,902 and a market value of \$63,736,106 at June 30, 2007.

Even though the pledged securities are not considered collateral under the provisions of GASB Statement 3 (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Clerk of Court that the fiscal agent has failed to pay deposited funds upon demand.

(Continued)

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Notes to Financial Statements  
Year Ended June 30, 2007  
(Continued)

**4. RECEIVABLES**

The receivables of \$56,899 at June 30, 2007, are as follows:

	Governmental Fund- General Fund
Regular	\$ 23,213
Court Attendance	2,260
Criminal Court Costs	797
Grants (expended not reimbursed at June 30, 2006)	26,929
Other	3,700
	<u>\$ 56,899</u>

Receivable balances past due ninety days or more at June 30, 2007 amounted to \$8,519.

**5. CAPITAL ASSETS**

The St. Bernard Parish Clerk of Court adopted a capitalization policy in accordance with its prior implementation of GASB 34. This adoption required an adjustment be made to adjust for assets previously carried at historical cost under \$500.

A schedule of changes in capital assets follows:

Governmental Activities	Balance 6/30/06	Additions	Deletions	Balance 6/30/07
Equipment & Furniture	\$ 358,820	\$ 312,074	\$ (84,597)	\$ 586,297
Building Improvements	20,869	-	-	20,869
<b>Totals</b>	<b>\$ 379,689</b>	<b>\$ 312,074</b>	<b>\$ (84,597)</b>	<b>\$ 607,166</b>

(Continued)



**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Notes to Financial Statements  
Year Ended June 30, 2007  
(Continued)

**5. CAPITAL ASSETS - (Continued)**

Less accumulated depreciation:

Governmental Activities	Balance 6/30/06	Additions	Deletions	Balance 6/30/07
Equipment & Furniture	\$ 140,047	\$ 69,555	\$ (80,251)	\$ 129,351
Building Improvements	3,944	996	-	4,940
Totals	\$ 143,991	\$ 70,551	\$ (80,251)	\$ 134,291
Capital assets, net	\$ 235,698			\$ 472,875

The depreciation expense for June 30, 2007 amounted to \$70,551.

**6. GRANT REVENUES**

During the year ended June 30, 2007 the Clerk's office reported revenues from grants, which were received or receivable at June 30, 2007 and expended during the year as follows:

<u>Federal Funds</u>	
Expended and receivable for personnel and fringe benefit costs	\$ 338,291
Total Federal Funds Received or Receivable and Expended	338,291
<u>Other Sources</u>	53,959
	\$ 392,250

(Continued)

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Notes to Financial Statements  
Year Ended June 30, 2007  
(Continued)

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**7. PENSION PLAN**

*Plan Description.* Substantially all employees of the St. Bernard Parish Clerk of Court are members of the Louisiana Clerks of Court Retirement and Relief Fund (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The system provides retirement, survivor, disability and terminated benefits to plan members and beneficiaries.

*Funding Policy.* All regular employees earning at least \$500 per month who are under the age of 60 at the time of original employment are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to an annual retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of credited service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Final average salary for employees commencing employment on or after October 1, 2006 is the employee's average salary over 60 consecutive months. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the full benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute. Contributions to the System include one-fourth of one percent (one-half of one percent for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer's contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

*Annual Pension Cost.* For 2007, the Clerk's annual pension cost of \$179,153 agreed with the Clerk's required contribution of \$179,153. The required contribution was determined as part of the June 30, 2006 actuarial valuation. The actuarial assumptions included an 8% investment rate of return (net of administrative expenses) and a projected salary increase of 6% per year.

(Continued)

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Notes to Financial Statements  
Year Ended June 30, 2007  
(Continued)

**7. PENSION PLAN - (Continued)**

Three year trend information for the St. Bernard Parish Clerk of Court

Fiscal Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/2004	\$202,208	71%	\$82,592
06/30/2005	\$286,848	71%	\$117,163
06/30/2006	\$222,792	80%	\$43,639

Required supplemental information – Schedule of Funding Program of PERS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll (b-a)/(c)
06/30/2004	\$218,345,837	\$298,703,485	\$80,357,648	73%	\$70,699,191	114%
06/30/2005	\$241,537,822	\$322,897,404	\$81,359,582	75%	\$73,542,403	111%
06/30/2006	\$288,606,478	\$371,386,765	\$82,780,287	78%	\$70,935,731	117%

The following provides certain additional disclosures for the Clerk and the retirement system:

<u>St. Bernard Parish Clerk of Court</u>	<u>Year Ended June 30, 2006</u>
Total current-year payroll	\$ 1,138,673
Total current-year covered payroll – employer	1,069,572
Total current-year covered payroll – employees (excluding DROP wages)	1,031,442
Actuarially required contribution: Dollar amount	264,247
Percentage of total actuarially required contribution of all participating employers and employees	1.79%

(Continued)

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Notes to Financial Statements  
Year Ended June 30, 2007  
(Continued)

**7. PENSION PLAN - (Continued)**

	Required by Statute		Actual Contribution	
Contributions:				
Employees	8.25%	\$ 85,094	8.25%	\$ 85,094
Employer	16.75%	172,766	16.75%	172,766
	25.00%	\$ 257,860	25.00%	\$ 257,860

Actuarial information about the System for its most recent year available, the year ended June 30, 2006, is presented below.

Louisiana Clerks of Court Retirement and Relief Fund

Estimated payroll for current year	\$ 73,404,926
Actuarially required contributions:	
Actuarially required contribution for dedicated taxes:	
Dollar amount	\$ 5,811,504
Percent of estimated payroll	7.91%
Actuarially required contribution for employers and employees:	
Dollar amount	\$ 8,966,665
Percent of estimated payroll	12.22%
Total actuarially required contribution:	
Dollar amount	\$ 14,778,169
Percent of estimated payroll	20.13%
Net assets, fair value	\$ 298,451,085
Pension benefit obligation	378,256,706
Unfunded benefit obligation	\$ 79,805,621

(Continued)

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Notes to Financial Statements  
Year Ended June 30, 2007  
(Continued)

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**7. PENSION PLAN - (Continued)**

The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's comprehensive annual financial report. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B-1, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162.

The St. Bernard Parish Clerk of Court does not guarantee the benefits granted by the System.

**8. OTHER POST-EMPLOYMENT BENEFITS**

The St. Bernard Parish Clerk of Court provides certain continuing health care and life insurance benefits for retired employees. Substantially all of the Clerk's employees become eligible for these benefits if they reach normal retirement age while working for the Clerk of Court. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employees and the Clerk of Court. The Clerk of Court recognizes the cost of providing these benefits (the Clerk's portion of the premiums) as an expenditure when the monthly premiums are due. The cost of such premiums borne by the Clerk of Court for both active and retired participants amounted to \$301,726 for 2007. These benefits are provided in accordance with the provisions of the Louisiana Clerks of Court Retirement and Relief System in which the St. Bernard Parish Clerk of Court's office participates as described in note 5.

The cost of providing these benefits for the 12 retired participants for the year ended June 30, 2007 is as follows:

Retirees' contributions	\$	34,845
Clerk of Court's contributions		34,847
<hr/>		
Total contributions	\$	69,692

(Continued)

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Notes to Financial Statements  
Year Ended June 30, 2007  
(Continued)

**9. EXCESS FUND BALANCE**

Louisiana Revised Statute 13:785 requires that every four years (at the close of the term of office) the Clerk of Court must pay the parish treasurer the portion of the General Fund balance that exceeds one-half of the revenues of the last year of the Clerk's term of office. At June 30, 2007, there was no amount due the parish treasurer.

**10. LITIGATION AND CLAIMS**

There were no litigation or claims outstanding at June 30, 2007, in which the Clerk of Court's office has any exposure of significant loss.

**11. EXPENDITURES OF THE CLERK OF COURT PAID BY THE PARISH COUNCIL**

Certain operating expenditures of the Clerk's office are paid by the parish council and are not included in the accompanying financial statements. These expenditures are summarized as follows:

Operating services less court attendance	\$ 137,294
Total	\$ 137,294

**12. COMMITMENTS**

The Clerk of Court entered into contracts for the acquisition of Resolution Software, installation and maintenance. These contracts totaled \$208,869 with payments over 48 months. At June 30, 2006 the balance due on these contracts is \$37,903 with the final payment due June 2008.

**ST. BERNARD PARISH CLERK OF COURT**  
**CHALMETTE, LOUISIANA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2007**

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

**Budgetary Comparison Schedule – General Fund  
Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Licenses and permits	\$ 2,000	\$ 2,500	\$ 3,200	\$ 700
Fees, charges, and commissions for services:				
Court costs, fees, and charges	480,000	820,000	997,809	177,809
Fess for recording legal documents	612,500	1,141,000	1,360,325	219,325
Fess for copies of documents	100,000	180,000	242,944	62,944
Miscellaneous	25,000	26,000	24,048	(1,952)
Use of money and property – interest earnings	70,000	95,000	123,711	28,711
Grants	-	470,000	392,250	(77,750)
<b>Total Revenues</b>	<b>\$ 1,289,500</b>	<b>\$ 2,734,500</b>	<b>\$ 3,144,287</b>	<b>\$ 409,787</b>
<b>Expenditures</b>				
General government:				
Personnel services and related benefits	\$ 1,433,100	\$ 1,783,800	\$ 1,782,196	\$ 1,604
Operating services	149,400	663,700	785,315	(121,615)
Travel and other charges	4,000	4,500	3,951	549
Capital outlay	150,000	190,000	312,074	(122,074)
Permanent records	40,000	15,000	17,992	(2,992)
Intergovernmental	-	-	6,921	(6,921)
Disaster losses, recovery and remediation costs	650,000	70,000	42,228	27,772
<b>Total Expenditures</b>	<b>\$ 2,426,500</b>	<b>\$ 2,727,000</b>	<b>\$ 2,950,677</b>	<b>(223,677)</b>
Excess revenues (expenditures)	(1,137,000)	7,500	193,610	186,110
Fund balance at beginning of year	938,693	1,146,200	1,146,200	-
Fund balance at end of year	\$ (198,307)	\$ 1,153,700	\$ 1,339,810	\$ 186,110

*See notes to financial statements*



**ST. BERNARD PARISH CLERK OF COURT**  
**CHALMETTE, LOUISIANA**

**REPORTS REQUIRED BY GAO**

**YEAR ENDED JUNE 30, 2007**

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

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We have audited the basic financial statements of the St. Bernard Parish Clerk of Court as of and for the year ended June 30, 2007 and have issued our report thereon dated December 18, 2007. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2007 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

- a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weaknesses \_\_\_\_ Yes X No Reportable Conditions \_\_\_\_ Yes X No

Compliance:

Compliance Issues Material to Financial Statements \_\_\_\_ Yes X No

- b. Federal Awards – Reports not required; less than \$500,000 of federal funds expended during the year.
- c. Identification of Major Programs – None

**Section II Financial Statement Findings – No matters were reported**

**Section III Federal Award Findings and Questioned Costs – None**

**ST. BERNARD PARISH CLERK OF COURT**  
**CHALMETTE, LOUISIANA**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON**  
**INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON**  
**AN AUDIT OF BASIC FINANCIAL STATEMENTS**  
**PERFORMED IN ACCORDANCE WITH**  
**GOVERNMENT AUDITING STANDARDS**

**YEAR ENDED JUNE 30, 2007**



**SAGONA, BOURG, LEE, MATTHEW & CO., L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

**Independent Auditor's Report on Compliance and on  
Internal Control over Financial Reporting Based on  
an Audit of Basic Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Honorable Lena R. Torres  
St. Bernard Parish Clerk of Court  
Chalmette, Louisiana

We have audited the basic financial statements of the St. Bernard Parish Clerk of Court (the Clerk) as of and for the year ended June 30, 2007, and have issued our report thereon dated December 18, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements of the governmental activities, the general fund and the agency funds, in accordance with auditing standards generally accepted in the United States of America, we considered the Clerk's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management and the legislative auditor. However, this report is a matter of public record and its distribution is not limited.

*Sagone, Young, Lee, Matthew & Co., L.L.C.*

Certified Public Accountants  
December 18, 2007